

Message Text

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12

ACTION L-03

INFO OCT-01 NEA-14 IO-14 ISO-00 FRB-03 OMB-01 TAR-02 SP-03

SWF-02 AGR-20 AID-20 CIAE-00 COME-00 EB-11 INR-11

LAB-06 NSAE-00 OIC-04 RSC-01 SIL-01 STR-08 TRSE-00

CIEP-03 CEA-02 SSO-00 NSCE-00 INRE-00 AF-10 ARA-16

EA-11 EUR-25 DRC-01 /193 W

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O 080641Z SEP 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 3753

USMISSION GENEVA IMMEDIATE

LIMITED OFFICIAL USE NEW DELHI 11923

E.O. 11652: N/A

TAGS: EGEN, UNCTAD, IN

SUBJECT: CHARTER OF ECONOMIC RIGHTS AND DUTIES

REF: NEW DELHI 11899, STATE 194439

1. AFTER MINISTRY EXTERNAL AFFAIRS DEPUTY SECRETARY SOOD INFORMED AN EMBASSY OFFICER THAT CHADHA WAS ACTING IN ACCORDANCE WITH HIS INSTRUCTIONS, THE DCM RAISED THE COMPENSATION ISSUE WITH MEA SECRETARY FOR ECONOMIC AFFAIRS SANYAL ON SEPTEMBER 7. DCM FIRST EXPRESSED APPRECIATION FOR INDIA'S COMPROMISE ON THE GSP ISSUE EARLIER IN THE WEEK FOLLOWING HIS CONVERSATION LAST WEEK END WITH SANYAL. THE SECRETARY SAID THAT HE HAD TELEPHONED GENEVA FOLLOWING THE EMBASSY'S APPEAL ON GSP AND WAS PLEASED THAT THE ISSUE HAD BEEN RESOLVED. (COMMENT: WE CONCLUDE THAT INDIA'S CHANGE IN POSITION WAS THE RESULT OF MORE THAN A CHANGE IN NEGOTIATORS).

2. THE DCM EXPLAINED THAT NEGOTIATIONS IN REGARD TO A CHARTER OF ECONOMIC RIGHTS HAD BECOME BOGGED DOWN OVER LANGUAGE COVERING

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COMPENSATION IN THE CASE OF NATIONALIZATION. THE US AND MOST

OTHER COUNTRIES WERE PREPARED TO ACCEPT SOME FORMULATION WHICH MADE CLEAR THAT JUST OR EQUITABLE COMPENSATION MUST BE PAID. INDIA, HOWEVER, AND APPARENTLY INDIA ALONE, WAS INSISTING THAT THE PRINCIPLE OF COMPENSATION BE SOLELY A MATTER FOR DETERMINATION BY THE DOMESTIC LAW OF THE NATIONALIZING STATE. THE US AND A NUMBER OF OTHER COUNTRIES COULD NOT ACCEPT THIS AND THE ADOPTION OF A CHARTER WAS ENDANGERED. THE DCM NOTED THAT INDIA'S REPUTATION WITH POTENTIAL INVESTORS MIGHT BE ENDANGERED AND THAT THIS SEEMED QUITE NEEDLESS IN VIEW OF INDIA'S EXCELLENT RECORD IN COMPSNATION CASES.

3. SANYAL LISTENED CAREFULLY AND SYMPATHETICALLY NOTING THE ARGUMENTS FOR A CHANGE IN INDIAN POSITION. HE SAID THAT HE HAD NOT BEEN CONSULTED IN REGARD TO INDIA'S POSITION ON THIS AND THAT GENERALLY INDIA GOES ALONG WITH OTHER NATIONS (PRESUMABLY LDC'S) ON ISSUES SUCH AS THIS. HE SAID THAT THE MINISTRY HAD ALREADY RECEIVED A MESSAGE ON THE ISSUE AND WILL BE OBLIGED TO LOOK INTO THE MATTER AGAIN. IN PRITICULAR HE WOULD TALK TO COMMERCE SECRETARY Y.T. SHAH, WHO WILL BE LEAVING FOR GENEVA ON SEPTEMBER 8.

4. COMMENT: THIS ISSUE MAY BE MORE DIFFICULT THAN THAT ON GSP AS WE SUSPECT IT MAY BE A MATTER OF PRINCIPLE WITH THE INDIANS.
SCHNEIDER

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